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GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

JAY B. RISING
STATE TREASURER

Revised January 20, 2006

**LIMITATION ON NONECONOMIC DAMAGES
and
PRODUCT LIABILITY DETERMINATION ON ECONOMIC DAMAGES**

Subsection 1 of Section 1483 of Act No. 236 of the Public Acts of 1961 (M.C.L. Section 600.1483), as amended by Act No. 78 of 1993, states the following:

Sec. 1483. (1) In an action for damages alleging medical malpractice by or against a person or party, the total amount of damages for noneconomic loss recoverable by all plaintiffs, resulting from the negligence of all defendants, shall not exceed \$280,000.00 unless, as the result of the negligence of 1 or more of the defendants, 1 or more of the following exceptions apply as determined by the court pursuant to section 6304, in which case damages for noneconomic loss shall not exceed \$500,000.00:

- (a) The plaintiff is hemiplegic, paraplegic, or quadriplegic resulting in a total permanent functional loss of 1 or more limbs caused by 1 or more of the following:
 - (i) Injury to the brain.
 - (ii) Injury to the spinal cord.
- (b) The plaintiff has permanently impaired cognitive capacity rendering him or her incapable of making independent, responsible life decisions and permanently incapable of independently performing the activities of normal, daily living.
- (c) There has been permanent loss of or damage to a reproductive organ resulting in the inability to procreate.

Subsection 4 of Section 1483 of Act No. 236 of the Public Acts of 1961, as amended (M.C.L. Section 600.1483), states the following:

Sec. 1483. (4) The state treasurer shall adjust the limitation on damages for noneconomic loss set forth in subsection (1) by an amount determined by the state treasurer at the end of each calendar year to reflect the cumulative annual percentage change in the consumer price index. As used in this subsection, "consumer price index" means the most comprehensive index of consumer prices available for this state from the bureau of labor statistics of the United States department of labor.

Enacting Section 4 of Act No. 78 of 1993 provides, in part:

Section 4. (1) Section(s) 1483 . . . of Act No. 236 of the Public Acts of 1961, as amended by this amendatory act, do(es) not apply to causes of action arising before October 1, 1993.

Subsection 1 of Section 2946a of Act No. 236 of the Public Acts of 1961 (M.C.L. Section 600.2946a), as amended by Act No. 249 of 1995 states the following:

Sec. 2946a. (1) In an action for product liability, the total amount of damages for noneconomic loss shall not exceed \$280,000.00, unless the defect in the product caused either the person's death or permanent loss of a vital bodily function, in which case the total amount of damages for noneconomic loss shall not exceed \$500,000.00. On the effective date of the amendatory act that added this section, the state treasurer shall adjust the limitations set forth in this subsection so that the limitations are equal to the limitations provided in section 1483. After that date, the state treasurer shall adjust the limitations set forth in this subsection at the end of each calendar year so that they continue to be equal to the limitations provided in section 1483.

Subsection 4 of Section 2946a of Act No. 236 of the Public Acts of 1961 (M.C.L. Section 600.2946a), as amended by Act No. 249 of 1995 states the following:

Sec. 2946a. (4) If damages for economic loss cannot readily be ascertained by the trier of fact, then the trier of fact shall calculate damages for economic loss based on an amount that is equal to the state average median family income as reported in the immediately preceding federal decennial census and adjusted by the state treasurer in the same manner as provided in subsection (1).

Pursuant to the above requirements, I, Jay B. Rising, State Treasurer of the State of Michigan, hereby certify that the annual percentage increase in the Detroit consumer price index for the 2005 calendar year was 2.9%. For causes of action arising after September 30, 1993, this results in a cumulative 36.7% increase in the standard limitation on noneconomic damages for a 2006 limitation of \$382,800 and a cumulative 36.7% increase in the limitation on noneconomic damages for certain permanent disabilities for a 2006 limitation of \$683,500. For causes of action alleging medical malpractice arising before October 1, 1993, the 2.9% increase in the Detroit consumer price index results in a cumulative 78.7% increase in the previous \$225,000 limitation of noneconomic damages for a 2006 limitation of \$402,100.

And further, in an action for product liability for damages for economic loss not readily ascertained by the trier of fact, the state average median family income for 1999, reported in the 2000 decennial census, is \$53,457. Effective January 1, 2006, the 2.9% increase in the Detroit consumer price index results in a cumulative 16.4% increase in the median family income to \$62,224.

 /S/
Jay B. Rising
State Treasurer

January 20, 2006



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GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

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**ESTATES AND PROTECTED INDIVIDUALS CODE
COST-OF-LIVING ADJUSTMENTS TO SPECIFIC DOLLAR AMOUNTS**

Section 1210 of Act No. 386 of the Public Acts of 1998 (MCL Section 700.1210), states the following:

Sec. 1210. (1) The specific dollar amounts stated in sections 2102, 2402, 2404, 2405, and 3983 apply to decedents who die before January 1, 2001. For decedents who die after December 31, 2000, these specific dollar amounts shall be multiplied by the cost-of-living adjustment factor for the calendar year in which the decedent dies.

(2) Before February 1, 2001, and annually after 2001, the department of treasury shall publish the cost-of-living adjustment factor to be applied to the specific dollar amounts referred to in subsection (1) for decedents who die during that calendar year. A product resulting from application of the cost-of-living adjustment factor to a specific dollar amount must be rounded to the nearest \$1,000.00 amount.

Subdivision (i) of Section 1103 of Act No. 386 of the Public Acts of 1998 (MCL Section 700.1103), states the following:

Sec. 1103. (i) "Cost-of-living adjustment factor" means a fraction, the numerator of which is the United States consumer price index for the prior calendar year and the denominator of which is the United States consumer price index for 1997. As used in this subdivision, "United States consumer price index" means the annual average of the United States consumer price index for all urban consumers as defined and reported by the United States department of labor, bureau of labor statistics, or its successor agency, and as certified by the state treasurer.

Pursuant to the above requirements, I, Jay B. Rising, State Treasurer of the State of Michigan, hereby certify that the cost-of-living adjustment factor for the 2006 calendar year is 1.217, which, before rounding, increases the specific dollar amounts by 21.7%. The average U.S. Consumer Price Index is 195.3 for 2005 and 160.5 for 1997. After rounding, the specific dollar amounts are as follows:

**Estates and Protected Individuals Code
Cost-of-Living Adjustments to Specific Dollar Amounts**

	Original Amount	Amount for 2001	Amount for 2002	Amount for 2003	Amount for 2004	Amount for 2005	Amount for 2006
2102, MCL 700.2102	150,000	161,000	165,000	168,000	172,000	177,000	183,000
2102, MCL 700.2102	100,000	107,000	110,000	112,000	115,000	118,000	122,000
2402, MCL 700.2402	15,000	16,000	17,000	17,000	17,000	18,000	18,000
2404, MCL 700.2404	10,000	11,000	11,000	11,000	11,000	12,000	12,000
2405, MCL 700.2405	18,000	19,000	20,000	20,000	21,000	21,000	22,000
3982, MCL 700.3982	15,000	16,000	17,000	17,000	17,000	18,000	18,000
3983, MCL 700.3983	15,000	16,000	17,000	17,000	17,000	18,000	18,000

/S/
Jay B. Rising, State Treasurer

January 20, 2006

Limitation on Noneconomic Damages

and

Product Liability Determination on Economic Damages

Original Amount	\$225,000		\$280,000		\$500,000		\$36,652		\$53,457
MCL	<u>600.1483(4)</u>		<u>600.1483(4) and 600.2946a(1)</u>				<u>600.2946a(4)</u>		
Effective Date	10/01/1986		04/01/1994 and 03/28/1996				3/28/1996		
Original Year	1986		1994		1994		1989 Median Family Income		1999 Median Family Income
<u>Year of Limit</u>									
1987	\$228,128								
1988	235,620								
1989	244,600								
1990	257,650								
1991	270,930								
1992	280,410								
1993	286,309								
1994	294,101								
1995	303,371		\$288,825		\$515,759				
1996	313,062		298,052		532,235		\$44,534		
1997	321,300		305,800		546,200		45,703		
1998	329,200		313,600		560,000		46,841		
1999	336,600		320,600		572,500		47,904		
2000	345,400		328,700		587,000		49,114		
2001	357,800		340,500		608,000		50,873		
2002	367,400		349,700		624,500		52,266		
2003	376,900		359,000		641,000				\$58,375
2004	384,500		366,000		653,500				59,498
2005	390,600		371,800		664,000				60,460
2006	402,100		382,800		683,500				62,224
Prepared by Economic and Revenue Forecasting Division, Michigan Department of Treasury									
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